A. Piedmont is a local distribution company principally engaged in the purchase, distribution and sale of natural gas to more than 1 million customers in South Carolina, North Carolina, and the metropolitan area of Nashville, Tennessee. Piedmont serves approximately 151,812 customers in the State of South Carolina. During the Review Period, Piedmont delivered ~~65,188,728~~ 65,476,084 dekatherms ("dts") of natural gas to its South Carolina customers.

Piedmont provides regulated natural gas service to two distinct markets – the firm market (principally residential, small commercial and small industrial customers) and the interruptible market (principally large commercial and industrial customers). Although Piedmont competes with electricity for the attachment of firm customers, once attached these customers generally have no readily available alternative source of energy and depend on natural gas for their basic space heating or utility needs. During the Review Period, ~~65,476,084~~ 60,974,994 dts, or approximately 93%, of Piedmont's South Carolina deliveries were to the firm market.

In the interruptible market, Piedmont competes on a month-to-month and day-to-day basis with alternative sources of energy, primarily fuel oil or propane and, to a lesser extent, coal or wood. These larger commercial and industrial customers will buy alternate fuels when they are less expensive than natural gas. During the Review Period, 4,501,090 dts, or approximately 7% of Piedmont's South Carolina deliveries were to the interruptible market.

Q. How does Piedmont calculate its customer growth?

A. Piedmont reviews historical customer additions, holds discussions with various business leaders/trade allies and field sales employees, and considers forecasts of local, regional and national business drivers (i.e., economic conditions, demographics, etc.) to derive its customer growth projections.

Q. How did the Company calculate its Design Day requirements for Winter 2019 - 2020?

A. Piedmont's Design Day calculations for Winter 2019 - 2020 were performed using the same methodology as described in last year's Annual Review proceeding. Specifically, all of the usage data was refreshed utilizing the actual customer sendout data from November 2014 through March 2019 which included the most current winter weather experience for all customer classes. Second, linear regression analyses were conducted to determine the base load and the usage per heating degree day based on all of the newly refreshed data. ~~Finally, the historical weather data, including the winter 2018 – 2019 data, was reviewed to determine that the Design Day temperature should be slightly adjusted from 8.68 to 8.71 degrees Fahrenheit.~~ The Company also constructed a load duration curve to forecast the Company's firm sales market requirements for design winter weather conditions. The supply requirements were plotted in descending order of magnitude, with existing pipeline capacity and storage resources overlaid to expose any supply shortfalls. The load duration curves for the 2019 - 2020 **forecasted** design winter season, as well as the **actual** 2019 - 2020 winter season are shown in

Exhibits__ (JCP-1A and JCP-1B). The load duration curve for the 2020 - 2021 forecasted design winter season is shown in **Exhibit__ (JCP-2).**

Q. Has the Company made any changes to its calculation of Design Day requirements for the future?

A. ~~No.~~ The Company is utilizing the same methodology as described above, refreshed to include actual customer sendout data from Winter 2019 - 2020 for the calculation of the Design Day requirement to be effective with this coming winter – Winter 2020 ~~-~~ – 2021~~.~~, however, the historical weather data, including the Winter 2019-2020 data, was reviewed to determine that the Design Day temperature should be slightly adjusted from 8.68 to 8.71 degrees Fahrenheit.

Q. Please provide a walkthrough of the Design Day demand calculation.

A. The "System Design Day Firm Send Out" (line 1, **Exhibit__ (JCP-4C)** is calculated by: 1) multiplying the number of heating degree days ("HDD") in the Design Day by the usage per HDD as calculated in the regression analysis. This is then added to the base load number.[1] This number is then increased each successive year to take into account the forecasted net growth rate. 2) Any mid-year special firm sales pick up is added (line 2) and any mid-year movements from firm sales to firm transportation are subtracted (line 3). This creates a total System Design Day Sendout with net mid-year adjustments (line 4). 3) Any special contract firm sales commitment (line 5) is added to come up with the "Total Firm Design Day Demand" (line 6). 4) A five (5)

[1] Formula: (Design Day HDDs x Usage per HDD)+Base Load = System Design Day Firm Sendout